



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2009 Biennium

<b>Bill #</b>	HB0580	<b>Title:</b>	Create incentives for success program
<b>Primary Sponsor:</b>	Koopman, Roger	<b>Status:</b>	As Introduced

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns              |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts           | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<b>Expenditures:</b>				
General Fund	\$8,000,000	\$8,000,000	\$8,000,000	\$8,000,000
State Special Revenue	\$2,536,000	\$13,464,000	\$8,000,000	\$8,000,000
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$8,000,000	\$8,000,000	\$8,000,000	\$8,000,000
<b>Net Impact-General Fund Balance:</b>	<u>(\$8,000,000)</u>	<u>(\$8,000,000)</u>	<u>(\$8,000,000)</u>	<u>(\$8,000,000)</u>

**Description of fiscal impact:** HB 580 appropriates \$16.0 million in the 2009 biennium for school assessments and incentive payments.

### FISCAL ANALYSIS

#### Assumptions:

1. The Office of Public Instruction currently contracts with Riverside Publishing Company for the administration of the Iowa Test of Basic Skills in grades 4 and 8 and for the Iowa Test of Educational Development in Grade 11 in five subject areas: Reading, Language Arts, Mathematics, Social Studies, and Science. The Iowa tests are norm-referenced tests, which measure how Montana students perform relative to a national norm group.
2. The contract with the Riverside Publishing Company expires on June 30, 2007. OPI estimates that the cost to continue to test students in Grades 4, 8, and 11 in five subject areas is \$310,000 in FY 2008 and \$325,000 in FY 2009. The estimated average cost per student tested is \$8.85 in FY 2008 and \$9.29 per

student in FY 2009. Any funding appropriated for these tests would be expended prior to the appropriation described in HB 580.

3. The appropriation in the OPI budget for the norm-referenced test in grades 4, 8, and 11 will no longer be necessary if HB 580 is approved.
4. The Iowa tests are available to span levels from kindergarten through grade 12 on a continuous scale.
5. HB 580 requires testing of all enrolled students. Public school enrollments (including the Montana School for the Deaf and Blind and the Department of Corrections schools) are projected to total 143,251 in FY 2008 and 142,432 in FY 2009. The estimated cost of testing all students in September and again in May or June of FY 2008 would be \$2.536 through a state assessment contract and \$1.323 million for FY 2009.
6. HB 580 requires the test be given in September 2007 to establish baseline data, and in May or June of each year. This would require two tests, September and May or June, in the first school year.
7. Of the \$16 million appropriation for the 2009 biennium, the amount remaining for school academic improvement payments and for the "Montana High Achiever Schools" is \$12.141 million.
8. OPI is required to notify schools of the receipt of funding by August 1 of each year. The first school year that monies will be provided to schools is FY 2009.
9. Based on OPI estimates, the \$16 million appropriation for the 2009 biennium will be allocated as follows:

<b>Purpose</b>	<b>FY 2008</b>	<b>FY 2009</b>
Test Administration (ITBS/ITED)	\$ 2,536,000	\$ 1,323,000
Schools showing Academic Growth		\$ 9,712,800
Montana High Achiever Schools		\$ 2,428,200
<b>Total</b>	<b>\$ 2,536,000</b>	<b>\$13,464,000</b>

10. Each student will be tested in five subject areas. School academic improvement must be calculated based on the percentage of student improvement in average test scores. It is assumed that performance will be measured using a composite score for all five subject areas.
11. HB 580 has no ending date, therefore it is assumed for this fiscal note that the appropriation would continue in future biennia.

	<b><u>FY 2008</u></b> <b><u>Difference</u></b>	<b><u>FY 2009</u></b> <b><u>Difference</u></b>	<b><u>FY 2010</u></b> <b><u>Difference</u></b>	<b><u>FY 2011</u></b> <b><u>Difference</u></b>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
Operating Expenses	\$2,536,000	\$1,323,000	\$0	\$0
Distribution to Schools	\$0	\$12,141,000	\$0	\$0
Transfers	\$8,000,000	\$8,000,000	\$8,000,000	\$8,000,000
<b>TOTAL Expenditures</b>	<b>\$10,536,000</b>	<b>\$21,464,000</b>	<b>\$8,000,000</b>	<b>\$8,000,000</b>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$8,000,000	\$8,000,000	\$8,000,000	\$8,000,000
State Special Revenue (02)	\$2,536,000	\$13,464,000		
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$8,000,000	\$8,000,000	\$8,000,000	\$8,000,000
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$8,000,000)	(\$8,000,000)	(\$8,000,000)	(\$8,000,000)
State Special Revenue (02)	\$5,464,000	(\$5,464,000)	\$8,000,000	\$8,000,000

**Technical Notes:**

1. HB 580 requires the use of the Iowa basic skills test for measuring academic achievement. The state procurement laws require a state agency to issue a Request for Proposals (RFP) in a competitive process to select a vendor for state-required assessments. The requirement to use the Iowa tests (when other vendors exist for norm-referenced tests) presents a conflict with the state's competitive bidding requirements.
2. The Iowa tests are currently administered in Montana in March and April, so that school districts, parents and students can receive the results prior to the end of the school year. If the test is not given until May or June, it is unlikely that the results will be available before the end of the term for students to take home.

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*Sponsor's Initials*

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*Date*

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*Budget Director's Initials*

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*Date*